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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA, :  
:  
Plaintiff, : 18-MJ-02695 (UA)  
:  
v. : April 25, 2018  
:  
ROBERT FARKAS, et al., : 500 Pearl Street  
:  
Defendant. : New York, New York  
:  
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TRANSCRIPT OF CRIMINAL CAUSE FOR BAIL HEARING  
BEFORE THE HONORABLE ONA T. WANG  
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

For the Government: NEGAR TEKEEI, ESQ.  
United States Attorney's Office,  
One Saint Andrew's Plaza  
New York, New York 10007

For the Defendant: DANIEL JAMES HORWITZ, ESQ.  
McLaughlin and Stern, LLP  
260 Madison Avenue  
New York, New York 10016

Court Transcriber: SHARI RIEMER, CET-805  
TypeWrite Word Processing Service  
211 N. Milton Road  
Saratoga Springs, New York 12866

Proceedings recorded by electronic sound recording,  
transcript produced by transcription service

1 THE CLERK: Good evening. This is United States v.  
2 Farkas, 18-MJ-2695. Counsel, can I have your appearances for  
3 the record please?

4 MS. TEKEEI: Good evening, Your Honor. Negar Tekeei  
5 on behalf of the United States. And joining me at counsel's  
6 table is Special Agent Brandon Raz [Ph.] with the FBI.

7 THE COURT: Okay. Good evening.

8 MR. HORWITZ: Good evening, Your Honor. From  
9 McLaughlin and Stern, 260 Madison Avenue, New York, New York,  
10 10016, by Daniel J. Horwitz, for the defendant for arraignment  
11 only.

12 THE COURT: Okay. Good evening. And good evening  
13 Mr. Farkas. Please be seated. Mr. Farkas, are you able to  
14 speak and understand English?

15 THE DEFENDANT: Yes, your Honor.

16 THE COURT: Okay. Can I have the date and time of  
17 arrest?

18 MS. TEKEEI: Your Honor, the defendant arrived here  
19 via Marshal's transport either late yesterday evening or early  
20 this morning. He was originally arrested in the Southern  
21 District of Florida on April 1st and ordered removed here on  
22 April 5, 2018. He was ordered detained without prejudice to  
23 making a future bail application upon arriving here.

24 THE COURT: Okay. I am Judge Wang. You are here  
25 because you were charged with certain crimes by a complaint

1 supported by an affidavit. Do you have a copy of the  
2 complaint?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Okay. The purpose of today's proceeding  
5 is to advise you of certain rights that you have, inform you  
6 of the charges against you and consider whether counsel should  
7 be appointed for you and decide under what conditions, if any,  
8 you shall be released pending bail.

9 I'm now going to explain certain constitutional  
10 rights that you have. You have the right to remain silent.  
11 You're not required to make any statements. Even if you have  
12 already made statements to the authorities you do not need to  
13 make any further statements. Any statements that you do make  
14 can be used against you. You have the right to be released  
15 either conditionally or unconditionally pending trial unless I  
16 find that there are no conditions that would reasonably assure  
17 your presence at future court appearances and the safety of  
18 the community.

19 If you're not a United States citizen, you have the  
20 right to request that a government attorney or law enforcement  
21 official notify a consular officer from your country of origin  
22 that you've been arrested. In some cases a treaty or other  
23 agreement may require the United States government to give  
24 that notice whether you request it or not. You have the  
25 right to be represented by an attorney during all court

1 proceedings including this one, and during all questioning by  
2 the authorities. You have the right to hire your own  
3 attorney. If you cannot afford an attorney I will appoint one  
4 today to represent you. Do you understand your rights as I've  
5 just explained them?

6 THE DEFENDANT: Yes, Your Honor.

7 THE COURT: And I understand that Mr. Horwitz is  
8 retained counsel, is that right?

9 MR. HORWITZ: Yes, your Honor.

10 THE COURT: I have before me a complaint containing  
11 the charges against you in this case. The charges include  
12 conspiracy to commit securities fraud, securities fraud,  
13 conspiracy to commit wire fraud, and wire fraud. Mr. Horwitz,  
14 have you received a copy of the complaint?

15 MR. HORWITZ: Yes, I have, Your Honor. I have  
16 conferred with my client about it. We waive the formal  
17 reading and enter a plea of not guilty.

18 THE COURT: Okay. Mr. Farkas, do you understand the  
19 charges against you?

20 THE DEFENDANT: Yes, your Honor.

21 THE COURT: Okay. Mr. Farkas, you have the right to  
22 a preliminary hearing in which the Government will have the  
23 burden of showing that there is probable cause to believe that  
24 the crime for which you are being charged has been committed  
25 and that you are the person who committed it. At the hearing

1 you or your counsel would be entitled to cross-examine any  
2 witnesses and introduce evidence. However, a preliminary  
3 hearing will not be held if you are indicted by a grand jury  
4 before the date of a preliminary hearing. I will set a  
5 preliminary hearing date at the conclusion of these  
6 proceedings.

7 Now I understand that we do not have an agreement as  
8 to a bail package. So next I will hear from the Government.

9 MS. TEKEEI: Thank you, your Honor. And as set  
10 forth in the papers that we submitted earlier today, the  
11 Government seeks detention based on the risk of flight this  
12 defendant poses and based on economic danger to the community.

13 THE COURT: Okay. Can you get into a little bit  
14 more, I mean, this is not a presumption case, right?

15 MS. TEKEEI: That is correct, Your Honor. And I'm  
16 more than happy to. I think we should start with the nature  
17 and circumstances of the defendant's offense. As is detailed  
18 in the complaint against him and the complaint against one of  
19 his co-conspirators, Raymond Trapani who was arrested a few  
20 weeks after this defendant, the defendant and his co-  
21 conspirators, Sohrab Sharma and Ray Trapini perpetrated a  
22 massive fraud in connection with a scheme to induce victim  
23 investors to invest more than 25 million dollars in crypto  
24 currencies through material mis-representations and omissions  
25 in connection with an Initial Coin Offering by the defendant's

1 company, a company called Centra Tech. Today, those digital  
2 assets are worth more than 55 million dollars. They sit in a  
3 digital wallet that the defendant and his co-defendants  
4 previously had access to and it is the Government's belief  
5 that they still have access to given that no one has -- bless  
6 you, Your Honor --

7 THE COURT: Sorry.

8 MS. TEKEEI: -- relinquished control over the assets  
9 within that wallet to the Government as required by seizure  
10 warrants served on all of the defendants.

11 Let me just go into describing a little bit more  
12 about the details of the offense conduct. To be specific,  
13 from approximately July 2017 through the date of the complaint  
14 the defendants and his co-conspirators lied to the investing  
15 public and the public in multiple ways. First, they lied  
16 about having an experienced executive team with credentials.  
17 Including a purported CEO named Michael Edwards who had  
18 purportedly more than 20 years of experience in the banking  
19 industry.

20 At various times, an individual who is not named  
21 Michael Edwards' picture was used in connection with those  
22 material misrepresentations. First, it was a professor, and  
23 then subsequently the defendant and his co-conspirators used  
24 the picture of the defendant's father as the picture of  
25 Michael Edwards in marketing materials that were posted

1 throughout the internet in connection with raising investor  
2 funds.

3           The defendant and his co-conspirators also lied to  
4 the public about developing a debit card -- namely the so-  
5 called Centra card -- which they purported would allow users  
6 to spend crypto currency of their choice to make a purchase at  
7 various establishments using Visa and MasterCard. The  
8 defendant and his co-conspirators also lied about partnerships  
9 that they had with financial -- with entities in the financial  
10 services sector to include Bancorp, Visa, and MasterCard.

11           And finally, and among other things, the defendant  
12 and his co-conspirators also lied about having individual  
13 licenses at different states in order to operate. In sum,  
14 they created fake people, they created fake documents, they  
15 created fake money at -- excuse me, they created fake licenses  
16 all in order to make money. And they did this using the high  
17 speed web, the connections that people make and that people  
18 act on in investing and they took advantage of the investing  
19 public in doing so.

20           As I said earlier today, more than 25 million  
21 dollars that the defendant and his co-conspirators raised  
22 during the initial ICO is worth more than 55 million dollars.  
23 And those assets sit in a digital wallet that is worth more  
24 than 60 million dollars standing here today. Those are the  
25 nature and circumstances of the offense. And the evidence of

1 the defendant's crimes is conclusively strong.

2           We have, as is conveyed in the complaint, against  
3 both the defendant and his co-defendant and co-conspirator,  
4 Raymond Trapani, the defendant's own text messages and emails  
5 and his co-defendants' own text messages and emails that they  
6 sent and received regarding their crimes and regarding  
7 concealing their crimes, regarding obstructing justice and  
8 concealing their crimes from being found. We have the  
9 marketing materials that the defendant and his co-defendants  
10 prepared containing the numerous fraudulent representations to  
11 the public. And we have the -- we have various videos of the  
12 defendant out there in the public purporting to advertise on  
13 behalf of Centra Tech.

14           Your Honor, these factors all give the Government  
15 significant concern about the defendant's risk of flight. And  
16 I'll just go into a couple of more pieces of information that  
17 are conveyed in our papers. Your Honor, the defendant was  
18 interviewed by Pre-trial Services in florida and he was  
19 interviewed by Pre-trial Services here. And it is the case --  
20 and I don't think it is in dispute -- that over the course of  
21 the conspiracy, the defendant had access to millions of  
22 dollars in crypto currencies.

23           And based on the information that's summarized in  
24 the complaint, the defendant had access to those funds. He  
25 engaged in, and he and his co-defendants have engaged in



1 concealing those funds. And it is the case that the 55  
2 million dollars of investor funds that remain in the digital  
3 wallet, have still been unable to be accessed by law  
4 enforcement and secured. Those, in addition to the facts set  
5 forth in the complaint about the defendant's request for  
6 extradition research, the defendant's request and intimation  
7 that the emails related to extradition research that he had  
8 requested a company counsel to perform for him be deleted, all  
9 of that gives the Government serious and grave concerns about  
10 the defendant's risk of flight and about -- and leading into  
11 the defendant's economic danger posed to the community.

12 I'd like to say, Your Honor, that this is not your  
13 typical white collar securities fraud and wire fraud case.  
14 The amount of money that is held in the digital wallet would  
15 take a split second for the people who have the access to the  
16 code to transfer for themselves and use for themselves  
17 significantly depleting and dissipating investor funds; funds  
18 that are owed to the victim investors in this case.

19 As is conveyed in our filing papers and in our  
20 letter to the Court, company counsel and counsel for various of  
21 the individual defendants have represented to us that at the  
22 time of the SEC's investigation -- at the time of the SEC's  
23 investigation to Centra Tech became apparent and known by the  
24 issuance of a subpoena, the defendant's co-defendant, Sohrab  
25 Sharma purported to provide the defendant and compliance

1 officer for the company with a copy of the passcode. Which  
2 was then divided in two and held at two separate safe deposit  
3 boxes at two separate banks. Purportedly to keep the wallets  
4 in the -- the assets in the digital wallet safe and secure.

5           Now we've learned today from counsel, and I'll let  
6 him go into it, the defendant's assertion of facts as to  
7 whether he had the actual access and key -- the passcode to  
8 the digital wallet to begin with. But the facts as they stand  
9 before the Court today are that this defendant and his co-  
10 defendant had access to the digital wallet at some point, have  
11 not relinquished access to that wallet to the Government, and  
12 in a matter of seconds, the funds in that wallet could be  
13 dissipated and the investors will never be able to be made  
14 whole. That gives the Government substantial concern as to  
15 the economic danger to the community that the defendant and  
16 his co-defendants -- but particularly the defendant for  
17 purposes of today's proceeding -- pose.

18           We have been in extensive communication with defense  
19 counsel regarding our concerns about the defendant's reporting  
20 of his own personal assets or lack thereof to the Pre-trial  
21 Services office. We've communicated with defense counsel  
22 about the Government's concerns regarding the defendant's  
23 access to the digital wallet. We have raised any number of  
24 concerns with defense counsel and we have been engaged in what  
25 have been helpful and informative discussions.

1           So I will say that since the filing of the letter to  
2 the Court, the Government has facts that have been conveyed by  
3 defense counsel that it did not previously have. But, Your  
4 Honor, I will also say that the facts that the Government has,  
5 that have been conveyed by the defense counsel and I expect  
6 Mr. Horwitz will convey to the Court today, are sourced by the  
7 defendant. In other words, the very same person who engaged  
8 in creating fake people, the very same person who engaged in  
9 fraudulent misrepresentations to the public for many, many,  
10 many months, to the tune of being able to access millions of  
11 dollars in crypto currency and in real monetized currency in  
12 U.S. dollars over the course of the time period of the  
13 conspiracy, has -- is the one who is providing the facts to  
14 the Court in hopes of being released on bail.

15           We cannot, here today, allow or agree to a release  
16 on bail conditions given the nature and circumstances of the  
17 offense, the seriousness of the charges, the fact that the  
18 defendant now faces up to approximately 210 to 262 months in  
19 prison if convicted for these crimes. And the fact that the  
20 assets in the digital wallet remain suspended, remain out  
21 there and the only people who had access to the digital wallet  
22 still have not relinquished control over that wallet to the  
23 Government as required by seizure warrants and other legal  
24 process.

25           The lights are turning off which is a signal to me,

1 Your Honor --

2 THE COURT: Oh, boy.

3 MS. TEKEEI: I am happy to address the Court's  
4 questions whatever they may be after -- now or at the  
5 conclusion of defense counsel's argument. In our letters, we  
6 set forth what, at a minimum, we believe, should be any bail  
7 conditions if the Court is inclined to grant bail in this  
8 case. And we strongly believe that if the Court is inclined  
9 to grant bail, all of those conditions should be met prior to  
10 the defendant's release. Thank you, your Honor.

11 THE COURT: Okay. Can I hear from Mr. Horwitz.

12 MR. HORWITZ: Thank you.

13 THE COURT: And is there -- I'll ask the CSO, is  
14 there anything we can do about the lights to prevent them from  
15 turning off?

16 UNIDENTIFIED SPEAKER: [inaudible]

17 THE COURT: Thank you.

18 MR. HORWITZ: Thank you, your Honor. I want to  
19 frame the discussion with appropriate legal standard for  
20 detention. I want to provide the Court with additional facts  
21 that pre-date the Government's arrest of my client, which are  
22 relevant, particularly with respect to risk of flight. I want  
23 to explain to the Court that while we have had extensive  
24 discussions with the Government about bail, there's been a lot  
25 of information that was provided to the Government and before

1 that there was a lot of information that was provided --

2 THE COURT: Mr. Horwitz, it's after 8:00. We're in  
3 danger of the lights turning off on us. Let's skip the  
4 preliminaries and get down to the facts that you have in your  
5 argument.

6 MR. HORWITZ: Sure. I mean, I do think it's  
7 important to note that clearly under the Bail Reform Act that,  
8 you know, defendant should be released on the least  
9 restrictive condition and that for when the Government seeks  
10 detention is an extraordinary remedy and there is a  
11 presumption for bail. And clearly the standard, I think what  
12 was set for this, was in the Madoff case and the cite there is  
13 586 F. Supp, 240. It's a case that I actually argued in this  
14 court for bail when the Government sought detention.

15 THE COURT: My -- I'm going to interrupt you --

16 MR. HORWITZ: I --

17 THE COURT: -- because it is late, but my concern is  
18 with the digital wallet and the access to the proceeds there.

19 MR. HORWITZ: Right. So let me address that first.  
20 So the digital wallet -- the contents of the digital wallet  
21 have been and are today available for review by the public.  
22 That has always been the case. It is available on a website.  
23 The Government has that information and at no time at all in  
24 either the SEC's investigation or since my client's arrest has  
25 there been any diminution of those assets. With respect to

1 the digital wallet -- if I may, Your Honor, I do want to  
2 address the risk of flight first. Because I think that's an  
3 important --

4 THE COURT: I think the risk of flight is tied to  
5 the access to the digital wallet. So please do.

6 MR. HORWITZ: Absolutely. Absolutely. So if I may,  
7 may I start with that?

8 As the Government has indicated, and I think the  
9 Court is aware from the letter, there was, in an SEC  
10 investigation, that became known to the defendant and his  
11 employer, the company, and the co-defendants sometime either  
12 in December of last year or early this year. The notice of  
13 the investigation came by way of a subpoena to the company for  
14 a large number of documents. Company had counsel, Ballard  
15 Spahr, they were -- and they negotiated and provided  
16 information to the SEC about the documents including  
17 information related to the digital wallet and the information  
18 I've just relayed to the Court about the contents of the  
19 digital wallet.

20 There was a request by the SEC for a code to, if you  
21 would, access the digital code. That information was provided  
22 by counsel for the company to the SEC and --

23 THE COURT: My understanding is it didn't work,  
24 right?

25 MR. HORWITZ: My understanding that it did not work

1 when the Government tried to access it. I don't believe that  
2 the information was ever accessed by the SEC

3 THE COURT: The SEC is the Government, right?

4 MR. HORWITZ: Well, I mean, I mean, Government  
5 meaning -- correct. But I think we all sort of refer to the  
6 Government as the U.S. Attorney's Office --

7 MS. TEKEEI: I think he means --

8 MR. HORWITZ: -- in [inaudible].

9 MS. TEKEEI: -- law enforcement, Your Honor.

10 MR. HORWITZ: Yes. Correct.

11 MS. TEKEEI: As opposed to Securities Counsel.

12 THE COURT: So is there any understanding why the  
13 Government or law enforcement was not able to access the  
14 digital wallet given the information that was provided by  
15 counsel?

16 MR. HORWITZ: Yes. But if I may, I just want to  
17 finish the -- I want to ask -- obviously I'm going to get --  
18 answer the Court's question. But I do want to --

19 THE COURT: Well it's 8:10 so let's get to it.

20 MR. HORWITZ: I know, Your Honor. And we've all  
21 been here -- I've been here since -- I've been here since noon  
22 and the defendant's mother and uncle have been waiting  
23 patiently, so I truly -- he's been locked up since April 1st.  
24 So this is really my first opportunity, and I apologize.

25 So in any event, the short point that I want to make

1 is that at no time was there any indication that there was a  
2 Government investigation. And I believe that the predicate  
3 for the defendant's arrest at the airport on April 1st when he  
4 was supposed to depart for a previously scheduled trip to  
5 South Korea was this email that the Government had indicated.  
6 The email which purportedly claims to deal with extradition  
7 and suggests that Mr. Farkas was seeking to flee the country.  
8 In fact, the email, which we provided to the Government today,  
9 and I'm happy to share with the Court pursuant to 502(d) of  
10 the Federal Rules of Evidence, because it is marked  
11 privileged, was from a lawyer to Mr. Farkas.

12 THE COURT: Is -- who's copy of that email is it?  
13 Is it the lawyers or is it Mr. Farkas'? Because my  
14 understanding was that Mr. Farkas deleted his copy.

15 MR. HORWITZ: This was a copy that I received from  
16 the company counsel. And, again, provided to the Government  
17 today. Although it's in the complaint. I was under the  
18 impression they had it. What's important about the email is  
19 there are two points about the email. Number one, the email  
20 was written on February 5th. Almost two months before Mr.  
21 Farkas' scheduled trip to South Korea. Number one. Number  
22 two, both before the email was written, but after the SEC's  
23 investigation was known, Mr. Farkas traveled overseas for  
24 business and returned. Number three, after February 5th, the  
25 date of the email, Mr. Farkas traveled to South Korea at the



1 end of February, and he traveled to Canada at the beginning of  
2 March and returned each time.

3           So in other words, this email that purportedly, you  
4 know, indicates that Mr. Farkas was thinking about fleeing the  
5 country when there was no information at all about a criminal  
6 investigation that Mr. Farkas had, he went overseas and he  
7 returned. Not once but twice. And that's why I think it's  
8 important before we deal with the wallet, discuss the risk of  
9 flight.

10           With respect to the wallet, after the SEC asked for  
11 the information -- I'm sorry -- SEC asked for the information,  
12 the request was made via company counsel to provide access to  
13 this particular wallet. What I shared with the Government  
14 today, and this was the first time, today that I had an  
15 opportunity to speak to my client without having a recording  
16 because he's been incarcerated since April 1st -- so I was not  
17 in a position to learn these facts. As soon as I learned them  
18 today, which I'm about to relate to the Court, I shared them  
19 with the Government. We had a number of conversations this  
20 afternoon in the hopes of trying to be able to reach a  
21 package.

22           Mr. Farkas was -- Mr. Farkas' co-defendant  
23 transmitted an iMessage to him when he was in San Francisco  
24 when the SEC's request for the information about the wallet  
25 was made. And that information was printed out. And it was

1 torn in half. Half of the piece of paper with the code was  
2 given to company counsel, half was with Mr. Farkas and was put  
3 in a safe deposit box. The Government executed a -- when the  
4 criminal case was -- after Mr. Farkas' arrest, the code was  
5 provided to the Government. So in other words, after April  
6 1st, Ballard Spahr provided the code either to the SEC or to  
7 the Government. And the code apparently didn't work. Mr.  
8 Farkas believed then, in good faith, that that in fact was the  
9 code. What he did not know however, and learned toward the  
10 end of his incarceration in Florida before he came here, was  
11 that his co-defendant, Mr. Sohrab had apparently either  
12 switched out a number of the digits or indicated or -- or  
13 changed the sequencing --

14 THE COURT: Which --

15 MR. HORWITZ: -- of the --

16 THE COURT: -- which co-defendant is that? Is that  
17 Mr. Sharma?

18 MR. HORWITZ: Correct. That's Mr. Sharma.

19 THE COURT: Okay. Not a Mr. --

20 MR. HORWITZ: Not Mr. Trapani, no.

21 THE COURT: Okay.

22 MR. HORWITZ: And so what I'm reporting to the Court  
23 is what I reported to the Government today. As soon as I  
24 learned this from my client, after I spoke to him for the  
25 first time and debriefed him about these allegations and

1 talked about the things that we needed to talk about in order  
2 to make a [inaudible] and bail application either to the Court  
3 or to try to convince the Government that there should be a  
4 package, the Government and I, Ms. Tekeei, had a number of  
5 conversations this afternoon, and I conveyed that information.

6 THE COURT: Conveyed what information?

7 MR. HORWITZ: What I just relayed to the Court. In  
8 other words that when the Government executed its seizure  
9 warrant and when the Government requested of company counsel -  
10 -

11 THE COURT: Okay. So nobody has the code as of  
12 right now? Nobody in the Government has the code as of right  
13 now.

14 MR. HORWITZ: Correct. And Mr. Farkas does not know  
15 the code. He does not have access to the code. He does not  
16 know where the code is stored. However, as I indicated, the  
17 balance of the account is visible. In other words, everybody  
18 can watch the account. You can go online. It's not like a  
19 bank account where only you have access to it. [inaudible] --

20 THE COURT: I understand that.

21 MR. HORWITZ: So to the extent that A, we submit  
22 that there is no risk of flight. In other words, the entire  
23 predicate for the arrest was this canard of an email that  
24 suggested that he was about to flee. And, again, I'm happy to  
25 provide a copy of that email to the Court so long as it's

1 subject to 502(d) so --

2 THE COURT: I don't need to see it.

3 MR. HORWITZ: Yeah. In any event. Again, the  
4 timing here is so important. Because this email was written  
5 two months before this trip that the Government thought that  
6 Mr. Farkas was taking to run away. And in fact, nothing  
7 happened with the wallet. Nothing has been done with the  
8 wallet and so to the extent that again, the concept of risk of  
9 flight -- I mean, bail is -- under these circumstances, if you  
10 look at the totality of the circumstances -- A, we're not sure  
11 that the Government has established risk of flight by  
12 preponderance, particularly because of the date of this email.  
13 Which is not in dispute.

14 THE COURT: Let me stop you right there because  
15 you're focused on the time difference --

16 MR. HORWITZ: Yeah.

17 THE COURT: -- and the fact that Mr. Farkas traveled  
18 internationally. I have some familiarity with the Madoff case  
19 as well. And there were numerous defendants who -- numerous  
20 defendants in the asset recovery actions who claimed that they  
21 did not have knowledge of the fraud, because why would they  
22 leave their money in -- you know, why didn't they pull it out  
23 before the date of Mr. Madoff's arrest? Well that doesn't --  
24 that's not dispositive. It just means that either they chose  
25 to leave it in or they didn't get to it in time or anything

1 like that.

2           So the fact that he traveled internationally at some  
3 time after this email is of far less concern to me than the  
4 issue of the digital wallet, who has the code, and who has  
5 access to it. Because as I understand it, the fact that the  
6 public can see the value in the digital wallet is of no moment  
7 if those assets can be depleted on a moment's notice by  
8 somebody who does have the correct code. And that is my  
9 concern here.

10           MR. HORWITZ: I understand that, and I would again,  
11 ask the Court to consider Judge Ellis -- Magistrate Judge  
12 Ellis' decision on the issue of detention. Because in that  
13 case, the Government argued when they sought detention that  
14 not all of Mr. Madoff's assets were known. Not all of the  
15 whereabouts were known.

16           THE COURT: But those assets were not movable in the  
17 same way that this digital wallet is.

18           MR. HORWITZ: Well, but again, we're talking about  
19 detention. And what the Court, obviously you understand the  
20 standard is, are there no circumstances or no conditions or  
21 combination of conditions that could reasonably assure the  
22 defendant's return to the Court. And so if you look at the --  
23 one, and I do think respectfully that the email is important  
24 because it does go in the picture of the total preponderance,  
25 number one. Number two, if you look at the totality of the

1 circumstances under a consideration when the Government's  
2 requesting bail, one, you've got a defendant who's got no  
3 record whatsoever. Number two, you've got -- clearly the  
4 complaint says what it says. But with respect to whether he  
5 was the leader or the organizer or the principal mover, I  
6 think a fair reading of the complaint would indicate that his  
7 co-defendants were. He was not. That's number two.

8           Number three, even if the Court is concerned about  
9 access to the wallet, notwithstanding our representation Mr.  
10 Farkas does not know what the code is, does not know where to  
11 get the code, and doesn't have access to it. There are  
12 conditions that are short of detention that the Court can  
13 impose as part of a reasonable bail package. Including  
14 limiting, as the Government indicated in its alternate  
15 proposal -- limiting his access to the internet. Limiting  
16 access to who he can call. He does not need to be in jail  
17 detained if the Court is that concerned about access to this  
18 wallet -- to these [inaudible].

19           THE COURT: How do you propose to have that limit of  
20 access to the internet and to any calls be maintained on a  
21 real-time 24/7 basis? Because this is what we're talking  
22 about?

23           MR. HORWITZ: Well I mean, I think the Government,  
24 there are conditions that Pre-trial Services can monitor  
25 internet access. They can monitor phone calls. There is a

1 way to do that, frankly, Your Honor. And I think that the  
2 proof in the pudding there is that the Government in its  
3 alternate package or its proposal for bail, indicated that  
4 those are conditions that the Government would want to impose  
5 if the Court considered bail.

6 THE COURT: In addition to the requirements with the  
7 April 16th seizure warrant, right?

8 MR. HORWITZ: Well, I mean, to the extent that was  
9 represented to us -- well first of all, I mean, I just want to  
10 -- I just feel it's important to put this on the record. So  
11 yes, there was a seizure warrant, number one. Number two, it  
12 was not served on my client because he was in jail in Florida.  
13 It was emailed. And there was -- so, A, we have an issue of  
14 serving, but we'll put that aside. My client was in jail, he  
15 didn't have the ability to access the code, number two.  
16 Number three, as I've represented to the Court, this is the  
17 first opportunity today that I've had to have a conversation -  
18 - a confidential conversation with my client that was not  
19 monitored by the Broward County Bureau of Prisons or the  
20 Federal Bureau of Prisons.

21 So I think that to the extent that the Government  
22 has been satisfied that they don't know how the code works, we  
23 have exhausted our remedies here. I can't do more than talk  
24 to my client and ask him. We have no other evidence or no  
25 other indication that he's in possession of the code. If we

1 knew where the code was we would tell the Government, which is  
2 exactly what we said. I can't do anything more than that.  
3 Whether the Government finds that credible or not, you know,  
4 I'm disappointed that at this point, frankly, we've had a lot  
5 of discussions and I think they've been carried out very  
6 professionally. The office has given us -- the office has  
7 given us, you know, every courtesy to make these arguments.

8 But, frankly, at this point, and particularly and  
9 again, I'm sorry to keep coming back to the email but it's so  
10 troubling to me that the detention was predicated on an email  
11 that was written two months before. There was never a risk of  
12 flight. We wouldn't be having this conversation if -- and  
13 again, I have said, as I've said to the Government, I believe  
14 what happened was an email is a bad game of telephone which is  
15 worth ten seconds of the Court explaining what happened. In  
16 fact, the Government didn't even see the email until I sent it  
17 to them today.

18 My understanding that this email was sent in  
19 February. In March there was an employee at the company who  
20 was a lawyer, who, notwithstanding the fact that the email was  
21 marked attorney/client privilege and confidential, shared it  
22 with somebody else at FINRA. Somebody at FINRA must have  
23 contacted the FBI. But nobody actually ever saw the email.  
24 So the whole predicate to the arrest that Mr. Farkas was about  
25 to run away to South Korea and then somehow disappear into one



1 of the three, or four, or five countries that we don't have  
2 extradition treaties with -- which by the way, the substance  
3 of the email, does not even deal with. In other words, the  
4 substance of the email, which came about because of a  
5 conversation that this lawyer had with my client about a rap  
6 song called Diplomatic Immunity and this lawyer apparently  
7 thought that Mr. Farkas was asking about extradition, the  
8 substance, of the email has to do with extradition treaties  
9 between the United Kingdom and the Cayman Islands, and the  
10 United States and the Cayman Islands.

11           It does not in any way indicate you can go to  
12 Algeria, or Albania or whatever countries we don't have  
13 extradition treaties with. Which -- and again, I'm sorry to  
14 keep harping on this, Your Honor, especially at this late  
15 hour, but I do think it's so important that the Court consider  
16 was there actually a real risk of flight? And when you  
17 analyze the question about access to the wallet, the risk of  
18 flight, I think diminishes -- I'm not saying it's not a  
19 concern that, you know, the Government, or the Court should  
20 have -- but I do think it diminishes the concern particularly  
21 given the information we've provided today about whether Mr.  
22 Farkas is, A, going to flee, and is a risk of flight. And, B,  
23 whether or not he's going to access the funds. And even if he  
24 does, you know, he -- there's just not an indication that  
25 notwithstanding the funds, that there was a risk of flight.

1 And the last thing, I would say, Your Honor, and I know you're  
2 [inaudible], you're familiar with the Madoff case and more  
3 than perhaps before you became a Magistrate Judge --

4 THE COURT: Much more familiar.

5 MR. HORWITZ: I think I understand your background  
6 and I --

7 THE COURT: Yeah.

8 MR. HORWITZ: -- I understand now what your  
9 involvement was, and, Your Honor, and say that obviously  
10 respectfully. And the last thing I would just submit to the  
11 Court is that, and I said this to the Government in a number  
12 of conversations, both with the [inaudible] and with the  
13 supervisor, that the analysis in this case now seems to have  
14 come down to, if in a white collar case there are substantial  
15 assets but not all assets that are unaccounted for, does that  
16 A, priority mean that there must be detention and that there  
17 is a risk of flight and an economic danger. And I would submit  
18 to you that the evaluation that the Court must do even if you  
19 find that there's a preponderance, is that you have to look at  
20 -- you have to look at the totality of the circumstances --  
21 the totality. What his record is. What his role was in the  
22 allegations. What the state of the case is. This is a  
23 complaint. He's not an indicted defendant.

24 At the time that he was arrested, there was  
25 virtually no indication to this defendant -- or I should

1 admit, to the company -- that there was a criminal  
2 investigation afoot. And I will add that while I only read on  
3 my phone the Government's letter to the Court, there is an  
4 indication in that letter that just simply because Mr. Farkas  
5 had retained counsel in the SEC case, that that somehow  
6 translates into knowledge that there is a criminal  
7 investigation. So there was no indication that there was a  
8 criminal investigation.

9           He has a clean record. His family is here in court,  
10 his mother and his uncle are here. His father had a  
11 previously scheduled outpatient surgical proceeding which took  
12 place today. Had it not taken place today, he would be here.  
13 This is a good family, Your Honor. We've discussed the bail  
14 package. They own their own home. It is assessed at a value  
15 of \$622,000. We have discussed with the Government pledging  
16 that property as security on a PRB [Ph.]. I will point out  
17 that both the District of Florida and the Southern District of  
18 Pre-trial Services have recommended that there be release on a  
19 bond without security. The Government has indicated three co-  
20 signers. We have two right here. Mr. Farkas' uncle and his  
21 father are in business in a business in New Jersey and they  
22 are responsible and available to sign the bond, as is Mrs.  
23 Farkas who's here and works for her husband's company.

24           Obviously I'm happy to answer the Court's questions,  
25 but I do think, respectfully, that there are conditions short

1 of detention that could reasonably assure the defendant's  
2 return.

3 THE COURT: Okay. I'd like to -- it's now  
4 approaching 8:30 so I would like the Government to respond.  
5 But before responding on the points that you see fit to  
6 respond on, I have a couple of questions. One, are -- does  
7 Mr. Farkas have -- are there any assets that are available to  
8 Mr. Farkas, and let's include the digital wallet for now, that  
9 the Government would concede are not proceeds from the alleged  
10 fraud and conspiracy?

11 MS. TEKEEI: Your Honor, that's a -- it's a  
12 difficult question to ask and I'm not in any way trying to  
13 evade the Court's question, but this defendant and his co-  
14 defendants had multiple bank accounts across multiple  
15 different banks. The Government is just getting its arms  
16 around the scope of the bank accounts. For example, the  
17 defendant has a bank account in his name -- a business bank  
18 account -- that's linked to him to which he has sole control  
19 at a Citibank in the name of Digital Card Solutions in which  
20 there exist \$750,000 approximately today.

21 And we're -- when I say we're learning new facts  
22 about the defendant and his co-defendants and their shell  
23 companies and their bank accounts every day, it is not an  
24 exaggeration. We are. So it is hard for us standing here  
25 today to answer that question. We do know that shortly before

1 his scheduled departure -- or shortly before his flight to  
2 South Korea, the defendant liquidated more than \$114,000 of  
3 his crypto currency assets held in a digital wallet. And we  
4 don't know where those assets landed. We don't know where  
5 they went. We know that he did not report those assets to  
6 Pre-trial Services in Florida or here. And there may be other  
7 assets that he did not report to Pre-trial Services in both  
8 districts.

9 THE COURT: Okay. That brings me to -- makes me  
10 skip ahead to a different question which is, does the United  
11 States have an extradition treaty with South Korea?

12 MS. TEKEEI: Your Honor, I have not done that  
13 research myself, so I would hesitate to give the Court an  
14 answer except for that I doubt it. But I'm happy to look into  
15 that and I think we could figure that out relatively quickly.  
16 We may -- I'm sorry. The Agent tells me we may.

17 THE COURT: Okay.

18 MS. TEKEEI: So I just don't know but I can find  
19 out. Your Honor, I'm sorry, I didn't mean to interrupt the  
20 Court if you have additional questions that I can answer.

21 THE COURT: Mr. Horwitz did you have an answer to  
22 that question in particular?

23 MR. HORWITZ: I do. And in fact perhaps Ms. Tekeei  
24 might not have been on the call, but in one of my early calls  
25 with her co-counsel, from the U.S. Attorney's office, he did

1 indicate to me, and I have verified, that we do have an  
2 extradition treaty with South Korea. I will say -- I just  
3 want to quickly put something o the record -- I know my client  
4 would like me to. With respect to this company called Digital  
5 Card Solutions, I'm told by my client that during his  
6 Pre-trial Services interview in Florida he was asked questions  
7 about his accounts, this is a business account, but that after  
8 the interview, he called the local counsel that he had in  
9 Florida to say I want you to make sure that Pre-trial Services  
10 knows about the Digital Card Services [sic]. He made that  
11 call from either Broward County or from the federal detention  
12 center. It was a recorded call. I don't know whether or not  
13 local counsel ever made that call or what happened with that.

14           When Ms. Tekeei indicates that the Government is  
15 learning new facts, I think some of the facts that she's  
16 learning are some of the facts that I disclosed today.  
17 Because we did have discussions about Digital Card Solutions,  
18 about the balance in that account. And we had a discussion  
19 about the crypto currency account that she just referenced.

20           THE COURT: The 114,000?

21           MR. HORWITZ: Correct. And it's my understanding  
22 that that was an account -- and I disclosed this to the  
23 Government today. That is an account that was used for two  
24 purposes. One, it was used at times as a personal account for  
25 crypto that Mr. Farkas used -- not having anything whatsoever

1 to do with any of the allegations here. And that --

2 THE COURT: Still concerned that it wasn't disclosed  
3 to Pre-trial Services in Florida.

4 MR. HORWITZ: I understand that. I believe, and I  
5 think that -- I think that this is in the Government's letter,  
6 that the -- and I wasn't present for either of the interviews,  
7 so I hope this is not too -- I hope this is not, if you would,  
8 cutting the salami too thinly. My understanding is that the  
9 Pre-trial Services officer in florida asked about bank  
10 accounts and business bank accounts. And the subject of  
11 crypto currency or crypto accounts didn't come up.

12 As I said to Your Honor, as soon as I had a chance  
13 to speak to Mr. Farkas today about all of his holdings, I  
14 communicated them to the Government. And what the Government  
15 hasn't indicated to you is that in that conversation that I  
16 had this afternoon with the Government, I indicated another  
17 account which the Government wasn't aware of -- another  
18 business account that was used over which Mr. Farkas had at  
19 some point had signing authority. And I think that, with  
20 respect, Your Honor, I think that's important because to the  
21 extent there are questions about credibility we're not only  
22 answering the Government's questions, but we were volunteering  
23 information that the Government didn't have before, which  
24 perhaps may be useful to them in their investigation.

25 THE COURT: Okay. Mr. Horwitz, before I ask Ms.

1 Tekeei to speak again, can you tell me who -- which of Mr.  
2 Farkas' family is here today?

3 MR. HORWITZ: Yes. Mr. Farkas' mother, Cindy, is  
4 here. And Mr. Farkas' uncle, Glen Farkas is here. He is a  
5 co-partner or co-owner of the business that he has with Mr.  
6 Farkas in suburban New Jersey. They own a tiling company.  
7 And, again, Mr. Farkas' father is at home recuperating from  
8 his outpatient surgery. We frankly thought that -- we thought  
9 that the defendant might come today, but we were counting on  
10 the presentment to be tomorrow, which is why he didn't  
11 reschedule the surgery.

12 THE COURT: Okay. So sorry, I interrupted you, Ms.  
13 Tekeei, or got a little distracted. Before you go on to your  
14 rebuttal to Mr. Horwitz' presentation, what is Mr. Sharma's  
15 status at this time?

16 MS. TEKEEI: We've been in extensive communication  
17 with the Marshal service. It appears as though he did not  
18 make -- Mr. Sharma did not make the air lift, which was  
19 supposed to bring him here estimated today. We don't know  
20 why.

21 THE COURT: Otherwise I would have been seeing him  
22 today, too.

23 MS. TEKEEI: That's correct, Your Honor.

24 THE COURT: Okay. But he is arrested and he will be  
25 brought to the SDNY?



1 MS. TEKEEI: He is arrested, he is detained. He has  
2 been ordered removed to our district and we're eagerly  
3 awaiting his arrival. Your Honor, I'd like to just -- a  
4 couple of quick points unless the Court has any questions  
5 about that.

6 THE COURT: I guess the last question was -- and you  
7 may -- if you -- if this is involved in part of your  
8 proceedings to go into -- tell me a little bit more about the  
9 email, but why don't you go ahead.

10 MS. TEKEEI: Oh, sure, Your Honor. The facts that  
11 the Government or the prosecution team have at hand are the  
12 facts as they are conveyed in the sworn to complaint. Which  
13 is that there is an employee at Centra Tech who was counsel at  
14 Centra Tech who conveyed to an employee at a regulatory  
15 authority that Mr. Farkas had requested that employee to do  
16 extradition related research. We did not convey in our -- in  
17 the complaint and did not have a date as to when that  
18 extradition research was to be -- was done. And we have facts  
19 conveyed through the employee of the regulatory agency that  
20 Mr. Farkas in the days leading up to his departure for Korea  
21 deleted or requested or sometime around that time discussed  
22 the deletion of that email with the employee who provided him  
23 with that research.

24 THE COURT: I just want to --

25 MS. TEKEEI: Sure.

1           THE COURT:  -- note for the record, that Mr. Farkas  
2 is shaking his head.  And Mr. Farkas, you have been advised of  
3 your rights.  I don't want you --

4           THE DEFENDANT:  Sorry.  Sorry.

5           THE COURT:  -- to be doing anything that potentially  
6 could jeopardize your rights under --

7           THE DEFENDANT:  I'm sorry, Your Honor.

8           THE COURT:  -- United States v. Miranda.

9           THE DEFENDANT:  I'm sorry, Your Honor.

10          THE COURT:  So please don't -- please try not to  
11 comment, even non-verbally --

12          THE DEFENDANT:  I'm sorry.

13          THE COURT:  -- at this point.

14          MS. TEKEEI:  Thank you, your Honor.  And the facts  
15 are, as we know them, in the complaint, a Wall team [Ph.] has  
16 interviewed the employee at Centra Tech.  We're waiting on the  
17 Wall team to communicate with defense counsel to discuss any  
18 privilege issues before the prosecution team has additional  
19 facts.  As Mr. Horwitz has conveyed, he provided the  
20 Government with a copy of that email today with understandings  
21 as to the use of that email.  I will not speak to the  
22 substance of the email except for to say that it speaks for  
23 itself.

24                 Your Honor, it is also relevant to the Government  
25 that in -- shortly before the defendant's departure or

1 supposed -- or attempted departure to South Korea, the assets  
2 and the monetized assets in the Centra company's coffers were  
3 depleted. The employees had been fired or laid off and the  
4 company was on its last leg. There are many places that one  
5 can go from South Korea so that even though the Government has  
6 an extradition treaty with South Korea, there are so many  
7 places that one can go from South Korea that the Government  
8 does not have extradition treaties with. So we don't think  
9 that his planning that travel either in advance or at any time  
10 was -- is necessarily -- should necessarily give the Court  
11 comfort that he did not intend to flee. Given that it could  
12 have very well been under the guise of a regularly planned  
13 trip.

14           That's as to the email. I want the Court to be  
15 clear as to who has access to the digital wallet. The U.S.  
16 Attorney's Office, the FBI and law enforcement do not have  
17 access to the digital wallet full stop. The wallet portions  
18 that were provided pursuant to the seizure warrants and legal  
19 process are -- have been altered. They do not work. And we  
20 know, and the record before the Court is that two people had  
21 access to that and had that code to begin with. That is Mr.  
22 Sharma and Mr. Farkas. Now when we said earlier to the Court  
23 that we appreciate Mr. Horwitz' candor with us and in  
24 attempting to and trying to come to an agreement on bail  
25 conditions, we mean that. This is not to say that we don't

1 believe what Mr. Horwitz is telling us. Our problem is with  
2 the source of the information and that is Mr. Farkas. And we  
3 have no way of corroborating the facts as they have been  
4 conveyed. We don't believe that Mr. Horwitz has messed up  
5 conveying the facts. We believe that we just don't trust the  
6 source of that information.

7           And so as it stands today, in a nano-second, the  
8 person who has or the people who have the real portions of  
9 that access code to the digital wallet can deplete it  
10 immediately. It doesn't matter if everyone in the world has  
11 their eyes on the digital key and is watching the wallet, it  
12 can be depleted in a nanosecond. And that gives us grave  
13 concerns for risk of flight and economic danger to the  
14 community. We do not seek detention lightly. And we provided  
15 alternatives for the Court to explore in light of all those  
16 factors to include the successful transfer of the assets in  
17 the digital wallet to law enforcement. Unless the Court has  
18 any further questions.

19           THE COURT: Mr. Horwitz, I may be sabotaging myself,  
20 but do you have anything else to add?

21           MR. HORWITZ: That's okay.

22           THE COURT: It's 8:40.

23           MR. HORWITZ: No, it's -- the only point I would  
24 make, Your Honor, is that it seems like it's a bar that I can  
25 never reach. In other words, unless I can -- I'm trying to

1 prove the negative which is I'm saying that we don't have  
2 digital -- we don't have access to the code. We provided it  
3 in good faith. We provided information to the Government and  
4 until the Government gets its hands on the code, which is out  
5 of my control, I can't do anything. And I would, again, just  
6 end by saying it would seem that there are in fact less  
7 restrictive conditions that could be placed on Mr. Farkas  
8 short of detention.

9 THE COURT: Okay. I'm just going to take a quick  
10 two minute break on the bench, but just be relaxed. We're off  
11 the record for a few minutes.

12 THE CLERK: Judge, we are back on the record.

13 THE COURT: Please be seated. I am going to cut to  
14 the chase before I enumerate everything else. I am going to  
15 order that Mr. Farkas be detained right now. But that his  
16 detention can be modified subject to several enumerated  
17 conditions. I don't make this decision lightly. And I do  
18 want to recognize the presence of Mr. Farkas' uncle and his  
19 mother here. I am a parent myself and it would break my heart  
20 to be here today. However, I find that the Government has  
21 shown by a preponderance of evidence that Mr. Farkas as he  
22 sits here today without access to the digital wallet  
23 constitutes a flight risk. And I did that by reviewing the  
24 totality of the circumstances including the nature of the  
25 assets at issue in this case, the ability for anybody who does

1 have access to the digital wallet to deplete those assets in a  
2 matter of nanoseconds, which distinguishes this case from the  
3 Madoff case where the assets were not movable and not easily  
4 transferrable.

5 Another concern is that this case sounds in fraud  
6 and my concern was that information was only provided to the  
7 Government and only volunteered to the Government after Mr.  
8 Farkas was caught lying and that there is a record of assets  
9 depleted over time. So the conditions under which Mr. Farkas  
10 may be released are as follows; a personal recognizance bond  
11 of five million dollars cosigned by three financially  
12 responsible persons. And secured by one million dollars in  
13 real property and/or cash. Home detention and location  
14 monitoring. Compliance with the April 16th seizure warrant  
15 which we all understand, which -- here -- which directs any  
16 person or entity presently in possession or control of the  
17 property to effectuate the transfer of 91,000 ether currently  
18 on deposit in ether wallet address,  
19 0XDA6F983076725CB2899205A16E16D1ED60A0067A with compliance  
20 defined as the actual or -- actual and successful transfer of  
21 the relevant assets into the custody and control of law  
22 enforcement. And if I have misread any of the ether wallet  
23 address, I believe we all understand which warrant we are  
24 speaking about so we should not be slicing the salami too thin  
25 as Mr. Horwitz has referenced before.

1           An additional condition will be a prohibition  
2 against accessing directly or indirectly the digital wallet  
3 containing Centra Tech ICO funds or transferring any funds out  
4 of the digital wallet except for purposes of complying with  
5 the seizure warrant. A prohibition against use or access to  
6 any computer, smart phones, or internet. Prohibition against  
7 possession of any firearms, destructive devices, or other  
8 weapons. Drug testing as required by the Pre-trial Services  
9 officer. Travel restricted to the Southern District of New  
10 York, Eastern District of New York, and the Southern District  
11 of Florida. That Mr. Farkas also surrender any travel  
12 documents and make no new applications. And I will also add  
13 internet monitoring to -- as an additional condition to the  
14 home detention if Mr. Farkas is able to satisfy the other  
15 conditions and is released. And in addition conditions is  
16 also disclosure of all assets that Mr. Farkas may have  
17 possession, custody, or control or access to including ones  
18 that he may share jointly in business accounts, and that  
19 include not actual cash, but any crypto or digital currency.  
20 And if I didn't say it already, all of these above conditions  
21 are to be met before Mr. Farkas may be released. And any  
22 other conditions as recommended by Pre-trial Services.

23           MR. HORWITZ: Your Honor, I'd just like to make a  
24 record that Mr. Farkas' passport was taken by the FBI when he  
25 was arrested on April 1st. He does not have other travel

1 documents.

2 THE COURT: All right.

3 MS. TEKEEI: That is correct. And, Your Honor, if I  
4 may, and with apologies for interrupting. One additional  
5 condition that we failed to put in our list was no  
6 communication with any of his co-conspirators to include Mr.  
7 Sharma and Mr. Trapani absent the presence of counsel.

8 THE COURT: Okay. Yes. An additional condition is  
9 no communications with any of Mr. Farkas' co-defendants absent  
10 -- outside of the presence of counsel. I'm going to give Mr.  
11 Farkas -- because I am hopeful that you can comply with these  
12 conditions and that you can be released because you have  
13 family that cares about you very much. They've spent all day  
14 here with you. That I'm going to give the warnings that I  
15 usually give upon release even though you are to be detained  
16 right now. Because I want you to have the time to think about  
17 them and think about what you would be doing to yourself and  
18 to your family if you were to violate any of these conditions.

19 That if, upon release, you fail to appear in court  
20 or if you violate any of the conditions of your release, one,  
21 a warrant will be issued for your arrest. Two, you and anyone  
22 who signed the bond will be responsible for paying its full  
23 amount which is five million dollars. And three, you may be  
24 charged with a separate crime of bail jumping which can mean  
25 additional jail time of no more than one year and/or a fine.



1           In addition, if you commit a new offense while you  
2 are released, and in addition to the sentence prescribed for  
3 that offense, you would be sentenced to an additional term of  
4 imprisonment of not more than 10 years if the offense is a  
5 felony. Or not more than one year if the offense is a  
6 misdemeanor. This term of imprisonment will be -- would be  
7 executed after any other sentence of imprisonment is  
8 completed.

9           And I also will give you a warning while you are  
10 awaiting trial, warn you not to have any contact with or  
11 engage in any intimidation of potential or designated  
12 witnesses or jurors. Not to engage in any intimidation of any  
13 court officer and not to engage in any conduct that would  
14 obstruct any investigation by law enforcement. And finally,  
15 you do have a right to appeal my order. Okay. Is there  
16 anything else -- we need to set a preliminary hearing date,  
17 right?

18           MS. TEKEEI: Yes. But, Your Honor, before we do  
19 that, and, again, apologies if I missed this, but so that the  
20 record is clear, our understanding of the reasoning behind the  
21 Court's decision is because the defendant poses a risk of  
22 flight and an economic danger to the community.

23           THE COURT: Yes. Yes.

24                           [Pause in Proceedings]

25           THE COURT: All right. What date should I set for

1 the preliminary hearing?

2 MR. HORWITZ: We would take the full 30 days, Your  
3 Honor.

4 THE COURT: Excuse me.

5 MR. HORWITZ: I said we would take the full 30 days,  
6 Your Honor.

7 THE COURT: Okay. So you'll waive to May 25 --

8 MR. HORWITZ: Correct.

9 THE COURT: -- 2018?

10 MR. HORWITZ: Yes, your Honor.

11 THE COURT: Okay. Is there anything else from the  
12 Government or from defense counsel at this time?

13 MS. TEKEEI: Not for the Government, Your Honor.  
14 Thank you.

15 THE COURT: No, Your Honor.

16 THE COURT: Okay. Best of luck to you, Mr. Farkas.  
17 And, again, apologies for keeping you and your family waiting  
18 all day. We have a very, very full day today. All right.  
19 Thank you.

20 MS. TEKEEI: Thank you, your Honor.

21 THE CLERK: All right. This matter is adjourned.


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1 I certify that the foregoing is a court transcript from  
2 an electronic sound recording of the proceedings in the above-  
3 entitled matter.



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6 Shari Riemer, CET-805

7 Dated: May 6, 2018

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